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Governor vetoes hospital relief bill

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The Sun Staff

PROVIDENCE – Gov. Donald L. Carcieri has vetoed a General Assembly-approved House bill that would allow the state's community hospitals to recoup bad debt losses by forcing insurers to cover unpaid patient deductibles and co-pays.

Carcieri said the bill, sponsored by Rep. Peter Lewiss, D-Westerly, addresses the problem "in an incomplete and uncoordinated way."

Lewiss brought the bill at the behest of The Westerly Hospital.

"This legislation was an attempt to ensure that hospitals receive proper payment for the services they have provided without having to expend an inordinate amount of time in trying to make those collections, or,

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worse yet, never collecting them," Lewiss said. "We need to get a grip on some of those unnecessary costs and we need to make sure our hospitals stay financially afloat."

Insurers have opposed the bill from the start; both the House and Senate OK'd the bill.

In Carcieri's letter to the House speaker, he said the losses that would be borne by insurers, "will eventually be passed on to consumers." And he added the bill would likely "accelerate the increase in the state's health insurance problems."

But the bill had received wide praise not just from legislators, but from Westerly Hospital President and CEO Charles Kinney.

After being notified of the veto by The Sun Friday, Kinney was not pleased.

"Obviously, we are disappointed

that the governor vetoed the bill, (which was) one of a number of steps needed to help community hospitals in the state," Kinney said. "We would have liked the opportunity to discuss the issue with the governor prior to his veto."

Lewiss also said he was disappointed, and concerned for the hospitals.

"With this veto, the governor is hurting community hospitals and their patients as well," he said. "Vetoing the bill is a sure guarantee that community hospitals will continue to suffer financially. That is hardly in the best interest of the hospitals or their patients."

Carcieri had multiple concerns with the legislation including the levying of a "tax bed" whose proceeds would be used to fund affordable health insurance.

"... (The tax) will undoubtedly lead to increasing the overall cost of health care," he wrote.

It's unclear what the next step is with the gubernatorial veto: an override, if attempted, is not automatic and it's not clear if the General Assembly would reconvene to vote on a veto

override, according to Lewiss.

Kinney said hospitals across the state have lost millions due to bad debt. He said earlier this week that the legislation would have forced insurance carriers to pay.

"This debt has been passed on to hospitals for a long while ... it's enough."

Lewiss described the legislation as potentially delivering "much needed relief to our hospitals."

The Westerly Hospital in particular. They cannot be made to bear the cost of uncollected debt. The burden must be shared.

The law would require deductible and co-payments and other patient financial responsibility for hospital services be paid for by insurers. It would be up to the insurance companies – and employers – to find creative ways to collect from insured patients.

Kinney said that hospitals

absorb both free care – from those uninsured – and bad debt, the latter being defined as money owed from insured patients on deductibles and co-pays as well as from those "with the ability to pay," but not the inclination.

The Westerly Hospital saw \$1.5 million in bad debt from patients who didn't pay their deductibles or co-pays. If the bill had become law, the hospital might have realized \$500,000 toward that debt.

The bill, H-5912, would require health insurance companies to reimburse hospitals for any uncollected patient co-payment or deductible, if the hospital has been unable to collect the co-pay or deductible from an insured after at least four months of trying and for an amount of \$175 or more.

The hospital must be able to demonstrate that it has exhausted all collection efforts short of litigation. The insurance carrier would then assume the responsibility of collecting the co-pay or deductible from its customer.

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Peter Lewiss, D-Westerly, on the veto of a bill forcing insurers to cover unpaid bills